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DE RUEHAA #0626 1361019

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P 151019Z MAY 08

FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 0800

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0325

RUEHAK/AMEMBASSY ANKARA PRIORITY 3764

RUEHBJ/AMEMBASSY BEIJING PRIORITY 1582

RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0126

RUEHKO/AMEMBASSY TOKYO PRIORITY 1449

RUEHIT/AMCONSUL ISTANBUL PRIORITY 2018

RUEHBS/USEU BRUSSELS PRIORITY

RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUEAAIA/CIA WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEKJCS/Joint STAFF WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

C O N F I D E N T I A L ASHGABAT 000626

SIPDIS

STATE FOR SCA/CEN, EEB

PLEASE PASS TO USTDA DAN STEIN

USEU FOR AMBASSADOR GRAY

ENERGY FOR EKIMOFF/THOMPSON

COMMERCE FOR HUEPER

E.O. 12958: DECL: 05/15/2018

TAGS: [PREL](#) [EPET](#) [TX](#)

SUBJECT: TURKMENISTAN: CHEVRON UPDATE

REF: A. ASHGABAT 0588

[1](#)B. ASHGABAT 0365

Classified By: CDA Richard E. Hoagland: 1.4(B), (D).

[11.](#) (C) During a May 14 briefing to update the Charge on the current state of play of Chevron's bid to produce deep sub-salt natural gas in Turkmenistan's Amu Darya basin, Chevron Country Manager Doug Uchikura repeated most of the information contained Ref A. However, he added that Chevron is drafting an operating services agreement (OSA) as a more detailed follow-on to their previous indicative bid to begin negotiations. Uchikura emphasized Chevron is focusing solely on the onshore possibility, even though Turkmenistan continues to insist it will allow no new production sharing agreements (PSAs) onshore. From the beginning, Chevron has said it can be flexible to craft a final contract that would not be a PSA, which would be traditional and ideal, but also would not be simply a service contract, which Turkmenistan so far demands onshore but which would not interest Chevron. So far, Turkmenistan has not outright rejected Chevron's concept of an OSA, but, Uchikura said, the sticking point is the U.S. Securities and Exchange Commission requirement that a U.S. energy firm show "booked reserves." Uchikura said he still needs to convince his skittish Turkmen interlocutors that Chevron would not "own" the booked reserves. Further, he needs to wear down the old guard, like Deputy Prime Minister for Oil and Gas Tachberdi Tagiyev, who continue to insist "only service contracts onshore."

[12.](#) (C) Uchikura also told the Charge that German oil firm Wintershall had approached Chevron about a possible partnership (see Ref B for Wintershall's perspective on this issue). Chevron's general model is to develop partnerships, and it is considering a number of options in Turkmenistan, including a possible arrangement with China National Petroleum Corporation. While Chevron is interested in a

possible partnership with Wintershall, it has not made a commitment because Chevron still does not know whether the Government of Turkmenistan will impose a partner as a condition for Chevron getting a contract. Chevron first wants to square things with the government before considering other business arrangements. Uchikura also reiterated to the Charge -- as he did on May 6 to EmbOff -- that Chevron would very much like to see President Berdimuhamedov receive an invitation to Washington to meet President Bush. Chevron hoped that such an invitation could be timed to coincide with the signing of a Chevron contract.

¶3. (C) COMMENT: Unlike other major U.S. oil companies wishing to produce natural gas in Turkmenistan, Chevron has gone out of its way to keep Post well briefed-in on the current state of play of its efforts. This may be due in large part to Chevron's recognition that it will need U.S. government assistance as it tries to do something well outside of the Government of Turkmenistan's current comfort zone. END COMMENT.

HOAGLAND